

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 2041
ANSWERED ON FRIDAY THE 21st DECEMBER, 2018
AGRAHAYANA 30, 1940 (SAKA)**

CSR MECHANISM

QUESTION

2041. SHRI C.N. JAYADEVAN:

SHRI G. HARI:

SHRI B. VINOD KUMAR:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

(a) whether the Government has issued notices to nearly 300 companies for not complying with Corporate Social Responsibility (CSR) spending requirement under the companies law for 2015-16 and if so, the details thereof;

(b) whether for the year 2014-15, prosecutions against 254 were sanctioned and of which 33 companies have filed applications for compounding and if so, the details thereof;

(c) whether the provision in the Companies Act, 2013 under which the companies should spend at least two percent of its average net profit on CSR activities, has been implemented and if not, the action taken against erring companies;

(d) whether the Government plans to establish the Centralised Scrutiny and Prosecution Mechanism (CSPM) for enforcement of CSR provisions and if so, the details thereof;

(e) whether CSR spending by companies have come down over the years since 2014-15 and if so, the details thereof; and

(f) whether the Government has set up a panel to review the existing framework and formulate a road map for a coherent policy on CSR activities under the companies law and if so, the details thereof?

ANSWER

**MINISTER OF STATE FOR LAW AND JUSTICE
AND CORPORATE AFFAIRS**

(SHRI P. P. CHAUDHARY)

विधि और न्याय एवं कारपोरेट कार्य मंत्रालय में राज्य मंत्री

(श्री पी. पी. चौधरी)

(a) & (b): On the basis of scrutiny, call for information letters to 5,382 companies have been issued for the financial year 2015-16. Further, 295 prosecutions have been sanctioned for the financial year 2014-15 and 33 companies have filed application for compounding for the same year.

contd....2/-

(c): Section 135 (3) & (4) of the Companies Act, 2013 ('the Act') empowers the Board of the company, and its CSR Committee to select programmes/ projects/ activities to be undertaken, allocation and utilization of CSR funds towards such activities. Whenever, violation of CSR provisions is reported, the Registrar of Companies initiates action against such non-compliant companies after due examination of records.

(d): Ministry has established Centralized Scrutiny and Prosecution Mechanism (CSPM) in April, 2018 for the financial years 2015-16, 2016-17 and 2017-18 on pilot basis for enforcement of CSR provisions.

(e): As per the filings made by the companies upto 30.06.2018 in the MCA 21 registry, the data for the financial years 2014-15, 2015-16 and 2016-17 is as follows:-

Sl. No	Financial Year	Number of Companies	Total CSR Amount Spent (in Rs. Crores)
1.	2014-15	16,785	10,065
2.	2015-16	21,498	14,365
3.	2016-17	19,933	13,464

(f): A High Level Committee on Corporate Social Responsibility (HLC- 2018) has been constituted on 22.11.2018 under the Chairmanship of Secretary, Ministry of Corporate Affairs to review the existing framework and guide and formulate the roadmap for a coherent policy on CSR. The scope of Committee is as follows:

- (i) To review existing CSR framework as per Act, Rules and Circulars issued from time to time.**
- (ii) To recommend guidelines for enforcement of CSR provisions.**
- (iii) To suggest measures for adequate monitoring and evaluation of CSR by companies.**
- (iv) To examine and recommend audit (financial, performance, social) for CSR, as well as, analyze outcomes of CSR activities/programmes/projects.**
- (v) Any other matter incidental or connected thereto.**
